

AT&T lousy customer service, T Mobil great customer service don't merge the two. Yesterday I again filed comments blasting the AT&T T Mobil merger that also explained if the wireless market were more competitive the merger would not be getting as much regulatory scrutiny as it rightly has been. I also mentioned if AT&T's merger with T Mobil were anything like Sprint Nextel buying Virgin Mobil (pre-paid carrier) or Boost Mobil it would be okay to have them as subsidiaries of AT&T continuing to operate but that AT&T plans to shut the company down post-merger. Also how AT&T claims a spectrum shortage but has plenty. Well today am writing to say merger would cause a carrier with great customer service to merge with a carrier that has awful customer service.

Here's an article AT&T + T Mobil = Bad Customer Service?

AT&T's (T) proposed \$39 billion acquisition of T-Mobile USA will merge the wireless network rated among the worst in customer satisfaction with one rated among the the best. The result is not likely to be good for consumers.

According to a J.D. Power & Associates survey released in February, T-Mobile, now part of Deutsche Telekom (DTEGY), ranked first in Wireless Customer Care Performance for the second year in a row. AT&T, on the other hand, finished dead last.

A Consumer Reports survey released in December also ranked AT&T dead last among U.S. wireless carriers. T-Mobile, finished nine points ahead of AT&T, though it was behind US Cellular, Sprint-Nextel (S) and Verizon Wireless (VZ).

T-Mobile tied for the lead with Verizon Wireless in the American Customer Satisfaction Index survey released last May. Its score of 73 beat AT&T's 69. The survey did note that AT&T's score had improved 3%, indicating that it was making strides in addressing customers' concerns about its service, particularly among iPhone users.

Cobbled Together Through a Series of Acquisitions

One of the reasons why AT&T's service is below average is that the company has cobbled together its wireless business through a series of huge acquisitions in less than a decade.

In 2004 Cingular Wireless, a joint venture of SBC Communications and Bell South, acquired AT&T Wireless for \$41 billion, creating the nation's largest wireless company. In 2005, SBC Communications acquired the original AT&T for \$17 billion, and subsequently took the AT&T name. It swallowed Bell South for \$67 billion in 2006, gaining control over the Cingular Wireless joint venture, and the Cingular name was dropped for the AT&T brand the following year.

These past mergers have not always gone smoothly for consumers and there is no reason to expect the T-Mobile deal will be any different, experts say.

Expect 'Sand in the Gears'

"You are going to have sand in the gears in the merger process," says Jeff Kagan, an independent telecommunications analyst, who adds that he routinely receives "lots of calls and lots of emails" from angry AT&T customers. "The problem is that they are not focused on the customer. They are not focused on the employee. They are focused on the investor."

Parul P. Desai, policy counsel for Consumers Union, publisher of Consumer Reports, argues that little good that can come from the merger since AT&T customers "routinely complain about hidden charges and other anti-consumer practices."

AT&T, for its part, has argued that the merger will be good for consumers by giving them access to more services. CEO Randall Stephenson (pictured) has been quoted as saying that network quality will improve. These arguments don't appear to be gaining any traction -- and a Justice Department antitrust investigation is likely.

Indeed, the media coverage of the deal has been largely negative. Blogger Om Malik is among those who argued that consumers will wind up as losers in the deal because it will leave only three national players -- AT&T, Verizon and Sprint-Nextel -- and result in higher prices.

Putting a Hard-Earned Reputation to the Test

That point was echoed Tuesday by the New York Times, which pointed out that T-Mobile "has long built its reputation by offering affordable, low-rate cell phone plans, including ones that do not require annual contracts or a minimum voice plan." The U.S. wireless arm of Deutsche Telekom, which acquired T-Mobile, then called VoiceStream Wireless, for \$50.7 billion in 2001, worked hard to bolster its reputation for customer service.

"They decided early on that was where they were going to plant a stake in the ground," says Kirk Parsons, senior director of wireless services at J.D. Power and Associates, in an interview.

That hard-earned reputation will be put to the test if the merger proceeds. In order to realize the \$3 billion in savings the companies hope to achieve, duplicate functions such as call centers will likely be eliminated. Customer satisfaction ratings tend to go down for companies that are acquired and may take several months to rebound, according to Parsons.

One plus for the merger is that AT&T and T-Mobile use the same underlying CDMA GSM technology on their networks, which may make combining them easier. How much of a difference it will make, however, remains to be seen.

"AT&T Mobility has had some problems over the last several years with overwhelming demand for wireless data from customers," writes Kagan in a statement on his website. "T-Mobile is the same technology in the network, but is not upgraded to the same extent as AT&T Mobility. There will have to be quite a bit of money and time spent on upgrading the network, but when that is done I think it will improve the experience to AT&T Mobility customers."

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